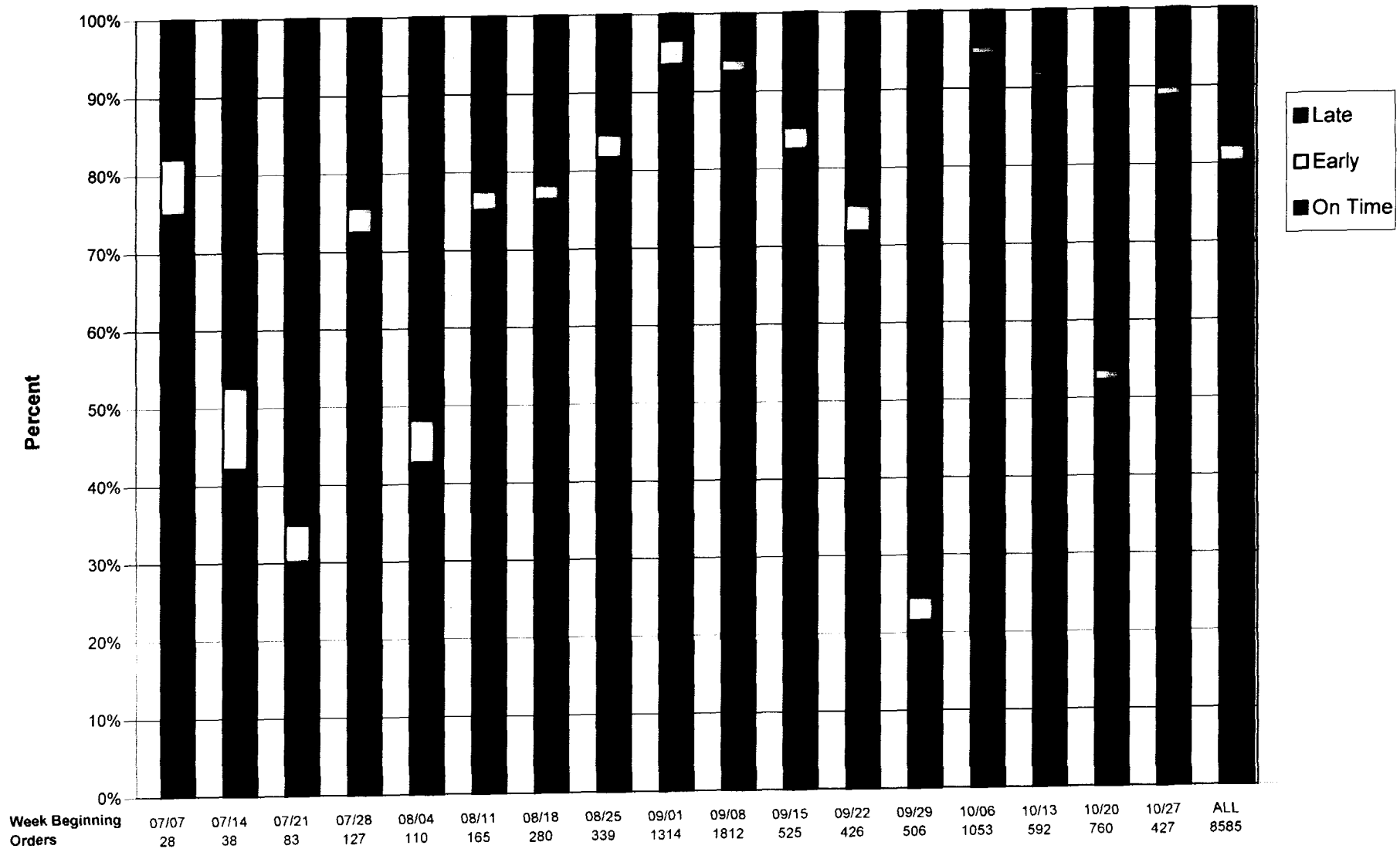


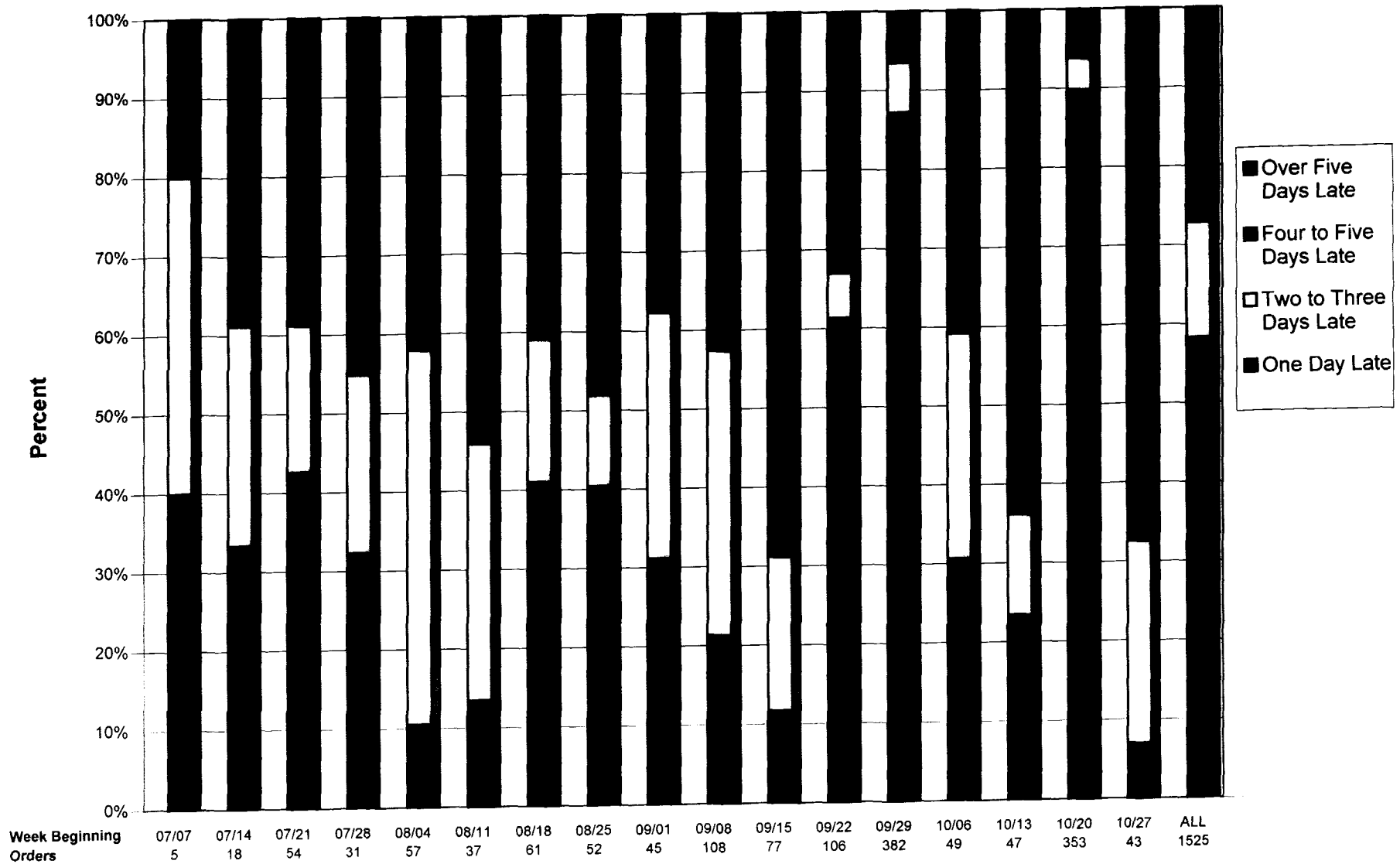
BellSouth's Committed Due Dates Met Consumer Migrations



Orders are grouped into weeks based on Completion dates.

Week		Early	Late	On Time
07/07	28	0.0714	0.1786	0.75
07/14	38	0.1053	0.4737	0.4211
07/21	83	0.0482	0.6506	0.3012
07/28	127	0.0315	0.2441	0.7244
08/04	110	0.0545	0.5182	0.4273
08/11	165	0.0242	0.2242	0.7515
08/18	280	0.0179	0.2179	0.7643
08/25	339	0.0295	0.1534	0.8171
09/01	1314	0.0304	0.0342	0.9353
09/08	1812	0.0143	0.0596	0.926
09/15	525	0.0286	0.1467	0.8248
09/22	426	0.0329	0.2488	0.7183
09/29	506	0.0296	0.7549	0.2154
10/06	1053	0.0095	0.0465	0.944
10/13	592	0.0068	0.0794	0.9139
10/20	760	0.0132	0.4645	0.5224
10/27	427	0.0117	0.1007	0.8876
ALL	8585	0.0207	0.1776	0.8016

Orders Not Completed by BellSouth's Committed Due Date Consumer Migrations



Orders are grouped into weeks based on Completion dates.

Week		One Day Late	Two to Three Days Late	Four to Five Days Late	Over Five Days Late
07/07	5	0.4	0.4	0.2	0
07/14	18	0.3333	0.2778	0	0.3889
07/21	54	0.4259	0.1852	0.2593	0.1296
07/28	31	0.3226	0.2258	0.129	0.3226
08/04	57	0.1053	0.4737	0.1579	0.2632
08/11	37	0.1351	0.3243	0.3243	0.2162
08/18	61	0.4098	0.1803	0.1639	0.2459
08/25	52	0.4038	0.1154	0.1346	0.3462
09/01	45	0.3111	0.3111	0.1333	0.2444
09/08	108	0.213	0.3611	0.1667	0.2593
09/15	77	0.1169	0.1948	0.2597	0.4286
09/22	106	0.6132	0.0566	0.1321	0.1981
09/29	382	0.8717	0.0628	0.0236	0.0419
10/06	49	0.3061	0.2857	0.1429	0.2653
10/13	47	0.234	0.1277	0.234	0.4043
10/20	353	0.898	0.0397	0.0142	0.0482
10/27	43	0.0698	0.2558	0.093	0.5814
ALL	1525	0.5823	0.1462	0.099	0.1725

D



THE WHITE HOUSE WASHINGTON

Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the matter of

Application by BellSouth Corporation,)	
BellSouth Telecommunications, Inc.,)	
And BellSouth Long Distance, Inc. for)	CC Docket No. 97-231
Provision of In-Region, InterLATA)	
Services in Louisiana)	

AFFIDAVIT OF

JIM CARROLL

ON BEHALF OF

AT&T CORP.

AT&T EXHIBIT D

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AFFIDAVIT OF JIM CARROLL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

_____)	
In the Matter of)	CC Docket No. 97-231
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Application of BellSouth Corporation,)	
BellSouth Telecommunications, Inc., and)	
BellSouth Long Distance, Inc. for Provision of)	
In-Region, InterLATA Services in Louisiana)	
)	
)	
_____)	

AFFIDAVIT OF JIM CARROLL
ON BEHALF OF AT&T CORP.

INTRODUCTION AND SUMMARY

1. My name is William J. (Jim) Carroll and my business address is 1200 Peachtree Street, Atlanta, Georgia, 30309.
2. I am AT&T's Vice President - Local Services for the Southern States. My responsibilities include developing and implementing local services for AT&T customers in nine southern states. I have been involved personally in all aspects of AT&T's efforts to enter the local market in Louisiana and other states served by BellSouth. As part of those efforts, I served

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as the leader of the AT&T executive level negotiation team and I personally participated in the interconnection agreement negotiations with BellSouth. Moreover, as AT&T attempted to implement its interconnection agreements with BellSouth, I have personally participated in efforts to resolve all significant interconnection issues with BellSouth at the executive level.

3. I started my work career in June, 1962 in Macon, Georgia as a communications technician in the Long Lines Division of AT&T. Since that time I have held positions with AT&T in the following areas: operations; engineering; human resources; labor relations; and marketing. I was present during the evolution of the long distance telecommunications market from a pure monopoly to what today is an extremely competitive and active industry. Since divestiture of the long distance business from the telephone monopolies in 1984, I have held positions as Vice President - New York and Northeast where I was responsible for services and products, and Vice-President - Network Operations and Engineering where I held nationwide responsibility for AT&T's network.

4. The purpose of my affidavit is to discuss how BellSouth's actions consistently have impeded AT&T's plans for entry in Louisiana's local exchange markets. In its application, BellSouth claims to have gone to great lengths to open Louisiana local exchange markets. BellSouth further asserts that foot-dragging by BellSouth's potential competitors is the only explanation as to why BellSouth remains a monopolist in those markets today. The picture painted by BellSouth is false and misleading. Although BellSouth has executed interconnection

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agreements with competitors to create the appearance of cooperation to open its local markets to others, BellSouth consistently has implemented policies to ensure that the entry vehicles upon which AT&T and others must rely are either completely unavailable or economically infeasible. In so doing, BellSouth has failed to meet its obligations under the Telecommunications Act of 1996 ("the Act") and the Commission's rules. Remarkably, the Louisiana Public Service Commission ("La. PSC") generally has approved BellSouth's policies, even when such policies directly and clearly conflict with orders of this Commission -- and even when the La. PSC's own administrative law judge ("ALJ") made detailed findings demonstrating that BellSouth's proposals were unlawful. . In sum, it is BellSouth's anticompetitive and unlawful policies and a state regulatory environment hostile to local competition which today preserve BellSouth's monopoly position in Louisiana local exchange markets.

5. My affidavit is organized as follows. Section I provides an overview of AT&T's extensive efforts to enter local markets in Louisiana. AT&T has sought to offer to provide residential and business customers in Louisiana with high-quality, cost-efficient, and competitive alternatives to BellSouth's local services. AT&T already has spent, and will continue to spend, millions of dollars to develop its local services in Louisiana and the other states in the BellSouth region. Indeed, AT&T is currently offering limited local calling services to medium and large business customers in Louisiana through AT&T Digital Link, a facilities-based local calling service. Beyond AT&T Digital Link, AT&T's plans for broader-based entry into Louisiana local markets have called for use of combinations of unbundled network elements ("UNEs") and resale

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of BellSouth services. However, BellSouth has caused delay of competition in Louisiana by foreclosing entry through either of these vehicles.¹ Only after UNEs (including UNE combinations) and resale are truly available on a reasonable basis, will local competition have an opportunity to develop in Louisiana for residential and business customers.

6. Section II describes various ways in which BellSouth has thwarted AT&T's efforts to enter Louisiana local markets through the use of UNEs. As Raymond Crafton explains in his separate affidavit, UNEs and, in particular UNE combinations, offer greater opportunities for meaningful, broad-based and effective competitive entry than does resale. Nevertheless, BellSouth has consistently taken steps to prevent AT&T and others from using combinations of UNEs. From early in 1996 to the present, BellSouth, as a matter of policy, has maintained that the right to purchase at cost-based rates and provide service using UNEs is limited to competitors who will use their own facilities. BellSouth maintains this position today -- and the La. PSC has endorsed this position -- despite the fact that it was clearly rejected by the Commission over a year ago. As a result, as of today, combinations of UNEs are not available to competitors in Louisiana, foreclosing to AT&T and all other competitors this critical entry vehicle.

¹ In my view, the delays (and outright refusals to cooperate) that have occurred in connection with AT&T's entry into Louisiana local exchange markets are not limited to the typical snafus that occur, even in the best of circumstances, when two companies contract to attempt to provide new services or upgrade existing ones. Rather, these delays are the intended consequences of BellSouth's corporate policies. Indeed, in the early stages of negotiations with BellSouth over interconnection and access issues, on June 19, 1996, one of BellSouth's senior executives, Charles B. Coe, then Group President - Customer Operations, told me that BellSouth intended to interpret the Act as "narrowly" as possible.

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7. On October 14, 1997, the Eighth Circuit issued its opinion on rehearing vacating 47 C.F.R. § 51.315(b), which had not been stayed, and which had prohibited incumbent LECs from separating network elements that already were combined in their networks. Since then, BellSouth has taken the position that the only method by which CLECs may offer service using a combination of the unbundled loop and switch elements is to obtain collocated space from BellSouth. As explained in detail in the affidavit of Robert Falcone and Michael Leshner, such a requirement is not only unnecessary from an engineering perspective, but it would so raise the costs of entry and degrade the quality of service that CLECs would be able to offer customers as to make use of combinations largely, if not entirely, unworkable. By insisting on such a requirement, BellSouth thus continues to obstruct the ability of potential competitors to use combinations of elements.

8. Indeed, as the affidavit of Messrs. Falcone and Leshner further explains, BellSouth seems to have deliberately chosen not to provide any explanation as to how its collocation theory would work, despite criticism of its failure to do so from CLECs and the Department of Justice, on the ground that CLECs have not shown interest in it. See BellSouth Brief at 47. To the contrary, as the affidavit of Messrs. Falcone and Leshner also shows, AT&T has shown considerable interest in ascertaining ILEC plans with regard to separating network elements, and ILEC terms, conditions, methods and procedures for combining elements after they are separated

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9. Moreover, as Gregory Follensbee describes in his affidavit, BellSouth does not offer UNEs at cost-based rates. BellSouth's own evidence made clear that its cost proposals were designed to recover BellSouth's "embedded costs." For this and other reasons, the La. PSC's ALJ issued a 66-page analysis rejecting BellSouth's position on virtually every costing issue. Five days later, without analysis or explanation, the La. PSC dismissed the ALJ's recommendations and approved nearly all of the four hundred recurring and non-recurring charges proposed by BellSouth, leaving the rates for UNEs at levels too high to permit competitive entry.

10. Section III discusses the steps BellSouth has taken (again, often with the approval of the La. PSC) to block entry into Louisiana via resale. AT&T began initial marketing of local services in Georgia through resale of BellSouth services in June 1997. This followed almost two years of negotiations between AT&T and BellSouth after state legislators and regulators in Georgia in 1995 had commenced efforts to open Georgia local exchange markets to competition, well before passage of the Act. However, BellSouth has delayed AT&T's efforts to introduce competitive local exchange services based upon resale. First, BellSouth restricts the use of resale in Louisiana (as well as other states) in connection with services for large business customers. Second, BellSouth's inability to offer nondiscriminatory access to Operations Support Systems ("OSS") also has delayed entry by resale. The La. PSC's ALJ issued a recommendation making detailed findings concerning the numerous ways in which BellSouth's failed to offer nondiscriminatory access to its OSS. Once again, the La. PSC rejected the ALJ's

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recommendation without analysis or explanation. Finally, and perhaps most fundamentally, AT&T views resale as an interim vehicle to be supplanted by UNE combinations. In Louisiana, combinations of UNEs are currently unavailable and, given BellSouth's strong opposition (and the decision of the Eighth Circuit), it is highly doubtful BellSouth will change its position.

I. AT&T'S MARKET ENTRY STRATEGY IN LOUISIANA

11. Louisiana is an attractive market for potential providers of local telephone services. With over 4.2 million residents, Louisiana ranks 21st among states in population. New Orleans, Louisiana's largest city, has over 1.3 million residents in the metropolitan area and is the nation's 24th largest city. Louisiana also has numerous mid-sized cities, including Baton Rouge and Shreveport, which have attracted potential CLECs.

12. Accordingly, Louisiana would be an attractive market to AT&T if the terms and conditions available for our entry were reasonable; that is, at the very least in compliance with the Act and this Commission's rules, which were designed to open local markets to competition. However, as I describe in greater detail below, BellSouth has adopted policies with respect to UNEs and resale that not only are unreasonable, but clearly contrary to the Act and the Commission's rules. The current market conditions in Louisiana are so hostile to local competition, and the prospects for a change in that environment are so uncertain, that AT&T has been unable to meet its goals for local entry there.

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13. AT&T's success in the market depends on its ability to provide local services that are comparable in quality to the long-distance services that AT&T currently provides its customers. Put simply, in order to attract large volumes of customers away from BellSouth, which clearly enjoys a reputation for high quality services, AT&T also must provide first-rate services. At a bare minimum, AT&T's customers must be assured that they will receive local services that are at least equal in quality to services currently provided by BellSouth. Moreover, it is equally important that AT&T establish quality services at the outset of its entry into the local market. For example, failure of an interface that results in delays in obtaining service or even service outages would be devastating to AT&T, because its new local customers would necessarily hold AT&T accountable for such problems, even if BellSouth is the responsible party. Accordingly, before AT&T can consider entering the local market through resale or UNEs, it is essential that interconnection arrangements, and particularly the OSS, all are able to function in a nondiscriminatory manner and can handle competitively significant volumes and complex transactions that reflect the demand of existing BellSouth customers.

14. AT&T has sought from the outset of its negotiations with BellSouth to obtain the ability to serve business and residential customers with a combination of BellSouth's network elements. Indeed, AT&T believes that the use of resold BellSouth services is not a viable long-term entry strategy for serving most Louisiana residential and business customers. If unbundled elements provided on nondiscriminatory terms and conditions, and at prices based on efficient, forward looking costs, as the Act requires, were truly available, AT&T would rely on

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UNEs, in conjunction with its own facilities to serve the majority of its residential and business customers.

15. Almost immediately after the Act was passed, AT&T began negotiating on a region-wide basis with BellSouth to facilitate AT&T's entry into local markets, including entry through resale and the use of UNEs. Thus, on March 11, 1996, AT&T conducted an initial negotiating session with BellSouth, during which AT&T stated its intention to purchase UNEs from BellSouth and reviewed the specific UNEs that AT&T sought. See Letter of W. J. Carroll, AT&T to C.B. Coe, BellSouth, at 2 (June 6, 1996) (Attachment 1).

16. Just a few weeks later, on March 28, 1996, AT&T followed up on the initial meeting by presenting BellSouth with a requirements document that "provide[d] an overview, including definitions, of the unbundled network elements AT&T wishes to purchase either individually or in combinations." See AT&T Communications, Inc., Local Network Elements, Local Platform, Version 1, March 27, 1996 (excerpted at Attachment 2). Also on March 28, 1996, AT&T stated to BellSouth that it intended to use UNEs, including combinations of UNEs, to provide: "all the network capabilities and functions needed to offer residential and business customers a wide array of basic exchange services."² Thus, from the very outset of

² AT&T Communications, Inc., Unbundled Loop Combination and Interconnection Planning Document for Network Product and Services, Network Interconnection, Network Operations, Access, Account Maintenance and Billing, Security and Pricing and Compensation in the Local

(continued...)

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negotiations under the Act, AT&T made it unmistakably clear that it intended to enter the local market using UNEs, individually and in combinations, to serve business and residential customers.

17. On April 15, 1996, AT&T formally requested access and interconnection from BellSouth in Louisiana pursuant to the Act.³ This state-specific request followed over a month of earlier region-wide negotiations with BellSouth. This request to BellSouth for access and interconnection also was comprehensive, mirroring the region-wide negotiations already underway. It "include[d] all interconnection issues" contemplated by the Act: "prices and terms for interexchange access, the resale of services, and the network elements used for the origination and completion of local exchange and interexchange services traffic." See Letter of W.J. Carroll, AT&T, to D. Ackerman, BellSouth, at 1, Apr. 15, 1996 (emphasis added) (Attachment 5).

18. Throughout the ensuing months of negotiations under the Act, AT&T devoted significant efforts to reaching an interconnection agreement with BellSouth. To that end, AT&T submitted to BellSouth its first proposed interconnection agreement on June 28, 1996. See Draft Interconnection Agreement between BellSouth and AT&T Corp., June 28, 1996. The

² (...continued)

Exchange Service Marketplace, at 6 (March 28, 1996) (emphasis added) (excerpted at Attachment 3).

³ On March 5, 1996, AT&T requested the La. PSC to amend its certificate of public convenience and necessity to permit AT&T to "provide telecommunication services throughout Louisiana." AT&T Communications of the South Central States, Inc.'s Application for a Local Certificate, at 1 (Attachment 4). The La. PSC issued a new certificate approving AT&T on November 1, 1996.

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proposed agreement included terms and conditions for resale of local services and UNEs. Id. at 21-42 (resale); id. at 43-50, Attachment 2 (UNEs).

19. In negotiations concerning the proposed interconnection agreement, AT&T continued to emphasize that it needed to be able to order various UNEs, as well as combinations of UNEs, including the combination of all twelve UNEs requested by AT&T. In a negotiating meeting of June 20, 1996, AT&T provided BellSouth with a chart of twelve different types of UNE combinations, and stressed that "AT&T needed the ability to order eight by November, 1996." See Meeting Minutes of June 20, 1996, at 5 & Att. 4 (excerpted at Attachment 6). Thus, just a few months into the negotiating process, AT&T had clearly stated its desire to use resale and UNEs, including UNE combinations, to enter the market, had submitted a detailed interconnection agreement containing provisions pertaining to UNEs, including proposed prices, and had requested that BellSouth be prepared to provision at least eight UNE combinations by November, 1996. As described in sections II and III below, BellSouth responded to AT&T's proposed terms with a long series of unreasonable policies with respect to both resale and UNEs -- policies that directly conflict with the Act and the Commission's orders.

20. Because of BellSouth's adherence to policies contrary to the terms of the Act and this Commission's rules, AT&T was forced to arbitrate with BellSouth before the La. PSC. See In the Matter of the Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., of the

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Unresolved Issues Regarding Cost-Based Rates for Unbundled Network Elements, Pursuant to the Telecommunications Act Number 47 U.S.C. 252 of 1996, La. PSC Docket No. U-22145 (Jan. 15, 1997) ("La. PSC Arbitration Order"). Following the issuance of the La. PSC Arbitration Order, AT&T attempted to finalize an interconnection agreement with BellSouth. However, AT&T and BellSouth again failed to reach a final agreement on several issues, and sought additional rulings from the La. PSC.⁴ After the Second Order, AT&T and Bell South reached a final interconnection agreement. See Agreement between BellSouth Telecommunications, Inc. and AT&T Communications of the Southern States, Inc., eff. date July 21, 1997.

21. Although the Agreement should have been an important step in facilitating AT&T's entry into Louisiana, it contained unlawful provisions (many of which are discussed in sections II and III below) that BellSouth insisted upon, the La. PSC approved, and which to this day thwart AT&T's ability to enter into Louisiana local markets. AT&T has appealed to federal court the La. PSC Arbitration Order approving these unlawful provisions. Similarly, AT&T also has appealed to federal court another La. PSC order approving BellSouth's SGAT, which contains provisions substantially identical to those contained in the BellSouth/AT&T Agreement.

⁴ In the Matter of the Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., of the Unresolved Issues Regarding Cost-Based Rates for Unbundled Network Elements, Pursuant to the Telecommunications Act Number 47 U.S.C. 252 of 1996, La. PSC Docket No. U-22145 (June 10, 1997) ("La. PSC Arbitration Second Order").

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Consideration and Review of BellSouth Telecommunications, Inc., Preapplication Compliance with Section 271 of the Telecommunications Act of 1996, La. PSC Docket No. U-22252 (Aug. 20, 1997) ("La. PSC SGAT Order").

22. While entry into Louisiana via UNEs and resale is effectively foreclosed, AT&T has undertaken to provide at least some local services over its own facilities to medium and large business customers in Louisiana. AT&T Digital Link is provided using existing AT&T 4ESS (toll) switches, connected to BellSouth's local network. Local calls are routed over dedicated facilities (e.g., T1.5 or T45) between the customer's PBX and AT&T's 4ESS switch, and over AT&T's trunks between its 4ESS and a BellSouth tandem or end office. Thus, AT&T Digital Link allows a PBX customer to use its dedicated access facilities more efficiently for local, intraLATA toll, interLATA toll, and international service, reducing the number of lines needed from the local carrier.

II. BELL SOUTH HAS PREVENTED AT&T FROM ENTERING THE LOCAL MARKET IN LOUISIANA THROUGH UNEs AND, IN PARTICULAR, UNE COMBINATIONS.

23. At present, it is not possible for AT&T to enter the Louisiana local market using UNEs because BellSouth consistently has refused to make combinations available on the terms and conditions required by the Act. As described above, from the start of AT&T negotiations with BellSouth in the spring of 1996, AT&T made it clear to BellSouth that AT&T planned to combine the UNEs it had requested to provide competitive local services. BellSouth

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consistently refused even to acknowledge its obligation to provide AT&T access to certain UNEs and UNE combinations under the terms required by the Act, and BellSouth has clung to this position even after the Commission rejected BellSouth's position. While additional details of BellSouth's refusal to provide UNEs and UNE combinations under the terms required by the Act are provided in the affidavits of James Tamplin, Robert Falcone and Michael Leshner, and Gregory Follensbee, I would like to highlight several examples of BellSouth's conduct which shed revealing light on BellSouth claims concerning its efforts to facilitate local competition in compliance with the Act and the Commission rules.

24. One example relates to the unbundling of the local switch. In its Local Competition Order issued over a year ago, the Commission made clear that "vertical switching features are part of the unbundled local switching element." Local Competition Order, ¶ 413. Defining the local switching element "to encompass . . . the features, functions, and capabilities of the switch," the Commission also stated that these "features" and "functions" include "all vertical features that the switch is capable of providing, including custom calling, CLASS features, and Centrex, as well as any technically feasible customized routing features." Id., at ¶¶ 412-413. The Commission also explicitly rejected the argument made by BellSouth (and other BOCs) that vertical switching features should be classified exclusively as retail services. Id., at ¶ 413.

25. Despite the Commission's decision, when AT&T requested that BellSouth unbundle the local switch, BellSouth, under its purported "narrow interpretation" of the Act,

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asserted that switching features, such as vertical services, were not available as part of unbundled local switching. Later, in contravention of the Commission's explicit ruling, BellSouth argued that, even if available, such features were not to be offered at cost-based prices. Because this Commission had squarely rejected that position, AT&T included this issue in the second arbitration proceeding with BellSouth in Louisiana. The La. PSC, however, refused to follow this Commission's holding, instead determining that "the price of unbundled local switching does not include the features, functions, and capabilities used to provide vertical services like Caller ID, Call Waiting, and Call Return." La. PSC Second Arbitration Second Order at 6.

26. With the blessing of the La. PSC, as recently as August, 1997, BellSouth's SGAT in Louisiana, in clear violation of the Commission's rulings that vertical features were part of the features, functions, and capabilities inherent in the unbundled local switch, provided that its price for unbundled switching "does not include retail services," which included all vertical features and which were "available at wholesale rates." BellSouth SGAT, Price List, Attachment A (May 19, 1997). BellSouth did not remove the offending language from its SGAT until September 9, 1997, and even then only after the La. PSC ordered BellSouth to make a "mandatory modification" to its SGAT. La. PSC SGAT Order at 5, 8. By asserting for over a year -- with the approval of the La. PSC -- that vertical switch features were available only at wholesale rates, BellSouth effectively denied AT&T access to unbundled local switching as this Commission has defined it.

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27. BellSouth's policies with respect to the pricing of UNE combinations provide a second striking example of BellSouth's refusal to comply with the Act and the Commission's rules, as well as the La. PSC's refusal to enforce those rules. Specifically, BellSouth continues to argue that combinations of UNEs -- even when the UNEs are combined by CLECs -- must be priced at the wholesale rates applicable to resold services, despite the fact that this Commission unequivocally rejected this argument. Indeed, BellSouth's interconnection agreement with AT&T in Louisiana today still contains the following language:

AT&T may purchase unbundled Network Elements for the purpose of combining Network Elements in any manner that is technically feasible, including recreating existing BellSouth services. When AT&T recombines unbundled Network Elements to create service identical to BellSouth's retail offering, the prices charged to AT&T for the rebundled services shall be computed at BellSouth's retail price less the wholesale discount established by the Louisiana Public Service Commission

BellSouth/AT&T Interconnection Agreement, General Terms and Conditions § 1A (effective July 21, 1997). Despite the fact that this provision clearly conflicts with the Commission's rules, the La. PSC, over AT&T's objections during the approval process for the interconnection agreement, approved § 1A of the Agreement as requested by BellSouth. La. PSC Arbitration Order at 39.

28. Similarly, as recently as August, 1997, BellSouth's SGAT in Louisiana contained the following language:

Network elements may be combined in any manner. If network elements are used to create services identical to BellSouth's retail offerings, the prices charged for the rebundled services shall be computed as BellSouth's retail prices less the applicable wholesale discount and offered under the same terms and conditions as apply to the BellSouth retail service involved. Identical services are services provided by the CLEC that do not use its own switching or other substantive functionality or

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capability together with BellSouth unbundled elements in order to produce the CLEC service. Provisioning of purely ancillary functions or capabilities, such as operator services, Caller ID, Call Waiting, etc., in conjunction with unbundled elements does not constitute a substantive functionality or capability.

BellSouth SGAT, § II.F (May 19, 1997). Although BellSouth has since deleted this language from the SGAT, its position on the availability of UNE combinations at cost-based rates remains unchanged. In defiance of the Commission's rules, BellSouth continues to assert that "in every state except Kentucky, UNE combination orders replicating a retail service will be treated as resale or as an access service (including provisioning, maintenance, and billing)." Affidavit of BellSouth witness William N. Stacy, ¶ 59 (Nov. 6, 1997). See also Letter from Mark Feidler, President-Interconnection Services, BellSouth Telecommunications, Inc., to W. J. Carroll (September 12, 1997) ("Feidler Letter") (Attachment 7)("when AT&T orders a combination of network elements or orders individual network elements that, when combined, duplicate a retail service provided by BellSouth, BellSouth will treat, for purposes of billing and provisioning, that order as one for resale"). BellSouth's position is contrary to the Eighth Circuit's holding that CLECs may provide "finished services" exclusively through the use of UNEs obtained pursuant to Sections 251(c)(3) and 252(d)(1).

29. BellSouth's policy position on UNE combinations continues to prevent the parties from defining the means for ordering and provisioning such combinations and obtaining the necessary usage information so that AT&T can bill its customers, BellSouth and other CLECs. In his OSS affidavit, BellSouth's witness William Stacy admitted that substantial

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developmental work on BellSouth's OSS's would be required to permit CLECs to receive UNE combinations priced at cost-based rates and that "[s]ince BellSouth is pursuing its legal disagreement with the FCC position on providing UNE combinations as a matter of law, we therefore have not yet undertaken such development." BellSouth Stacy Aff. ¶ 59. BellSouth's unrelenting refusal to develop electronic interfaces for UNE combinations (much less fully test such interfaces and make them operationally ready) further blocks AT&T's entry into Louisiana local markets.

30. BellSouth's efforts also have forced its competitors to participate in lengthy and costly legal proceedings merely to secure the performance of duties to which they are entitled under the Act. AT&T's entry plans in Louisiana have been postponed substantially, and remain uncertain at this time, because it is completely unclear whether and when BellSouth will decide (and develop the ability) to comply or be required to comply with its legal obligations. I still do not know whether and when BellSouth will consent to provide AT&T with UNEs at cost-based rates, much less whether or when BellSouth will be able to provide its OSS on a non-discriminatory basis, and in commercially significant volumes. This uncertainty severely impedes AT&T's ability to plan and execute strategies for entry into local markets in Louisiana.